

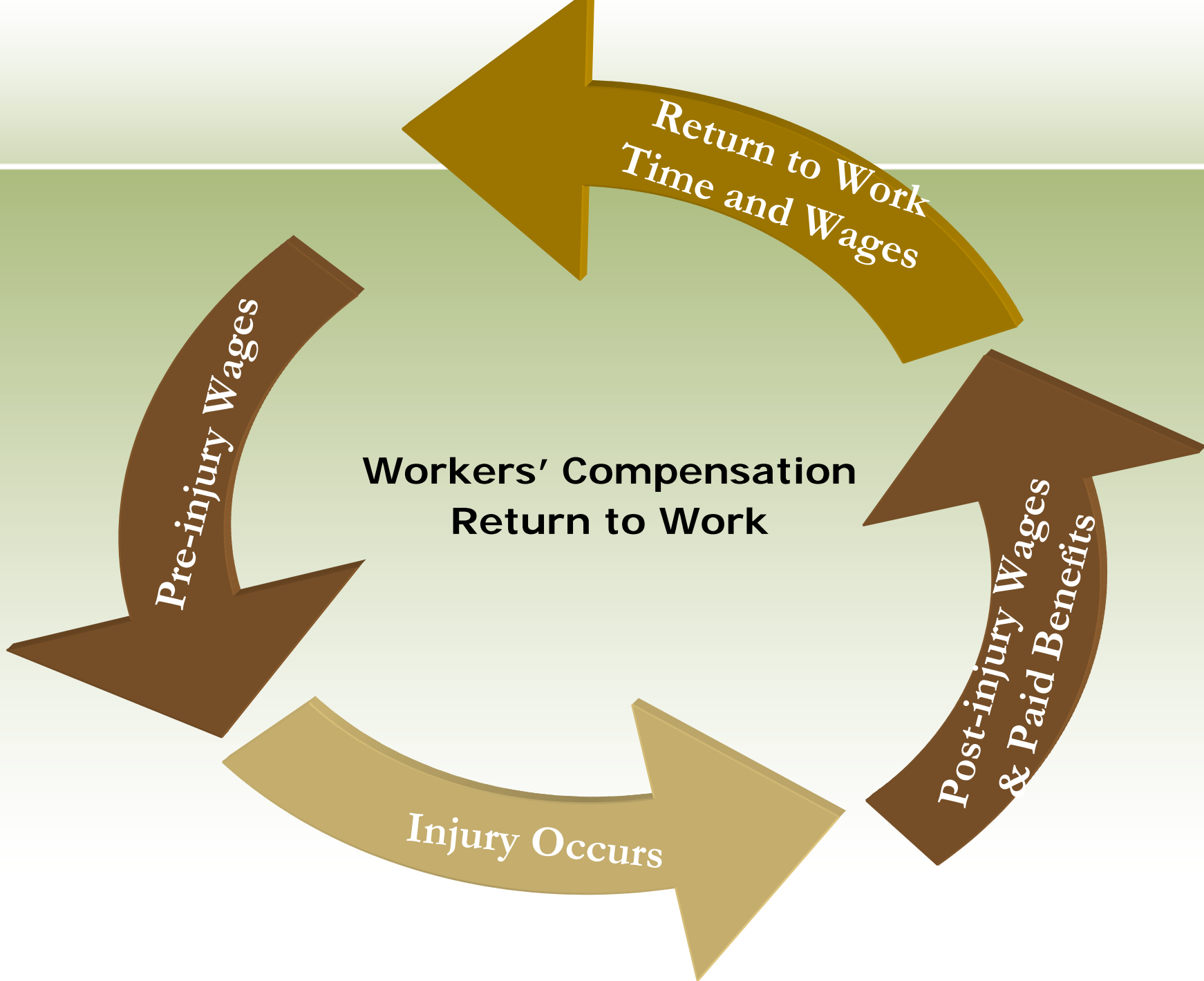
Department of Labor & Industry  
Employment Relations Division

***Erin Austin***

**Workers' Compensation Research Analyst**

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# **RETURN TO WORK**



# Purpose

*The Return to Work Study Group was formed to answer the following:*

**What is the economic outcome for injured workers?**

**Provide estimates for the wages lost by an injured worker.**

**What benefits are paid to an injured worker prior to maximum medical improvement and post maximum medical improvement?**

**What part of these lost wages are not replaced by benefits?**

**How long does it take for the injured worker to return to work?**

**Identify potential drivers of lost wages and return to work duration for future study.**

# Data

- ✓ **The 4,309 lost time claimants injured in 2000**
- ✓ **Demographic, Injury and Benefit information from WCAP\***
- ✓ **Wage information from Unemployment Insurance\***

\*Adjusted for inflation to 2<sup>nd</sup> quarter 2006 wages using CPI-U

# Methodology Used to Estimate Lost Wages

- ✓ Established time series methodology which uses properties of an injured worker's wage history to forecast the wages the worker would have earned had they not been injured

Property One: Wages in consecutive quarters are strongly associated

Property Two: Wages exhibit long term trends

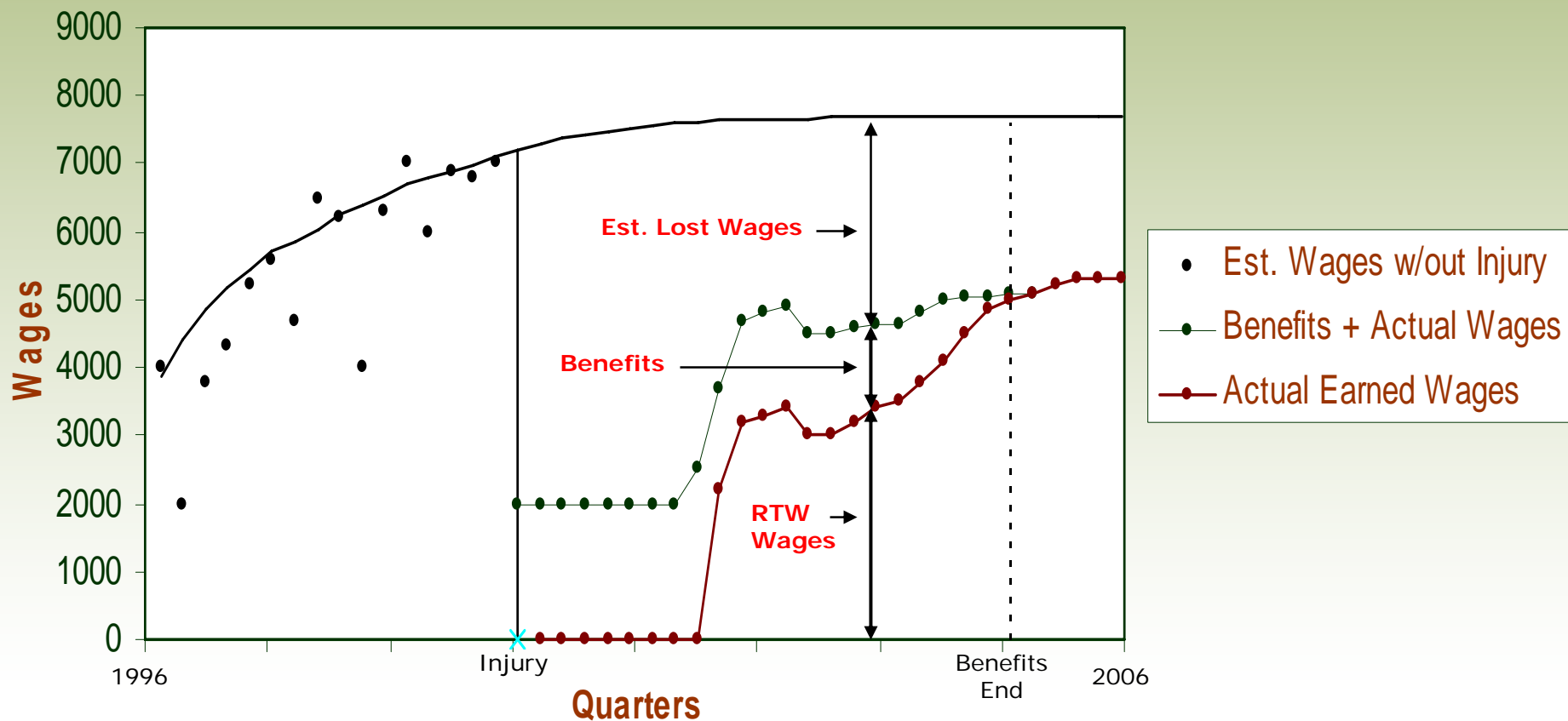
- ✓ Montana economic trends are used to fine tune estimates (Annual Quarterly Wage)
- ✓ Results based on medians instead of averages to offset the effects of extreme values due to reporting errors

# Data Limitations

- ✓ Accuracy of the estimates limited by missing or misreported information provided to DLI (Variables used are approximately 90% complete)
- ✓ UI wage information is quarterly
- ✓ Uncertainty regarding quarterly wages of zero in the UI data base (7.82% of population)
- ✓ Small number of quarters available to predict future wages

# Example

## Injured Worker Wage History



# Return to Work (RTW) Wages

## Weekly Median Wages (Dollars)

	Pre-Injury	1 <sup>st</sup> Quarter of RTW	2 <sup>nd</sup> Quarter of RTW	1 <sup>st</sup> Year of RTW	10 <sup>th</sup> Quarter of RTW
Wage	\$391.95	\$298.54	\$323.65	\$299.56	\$249.07
Change from pre-injury		-\$48.92	-\$25.59	-\$38.5	-\$101.11
Percent Change		-14.52%	-6.69%	-10.84%	-30.8%*

\*The percent of injured workers with a quarterly reported income of 0\$ increased from 38% to 46% from 2002 to 2006



# Categorizing Return to Work Wages

- ✓ **Higher Wage Earners:**  
Injured workers where  $\frac{2}{3}$  of their pre-injury wage exceeds the maximum benefit amount (\$637.50 before 7/1/2000 and \$658.50 after 7/1/2000)
- ✓ **Lower Wage Earners:**  
Injured workers where  $\frac{2}{3}$  of their pre-injury wage does not exceed the maximum benefit amount

# RTW by earner type

## Lower Wage Earners (81% of total population) Median Dollar Amounts

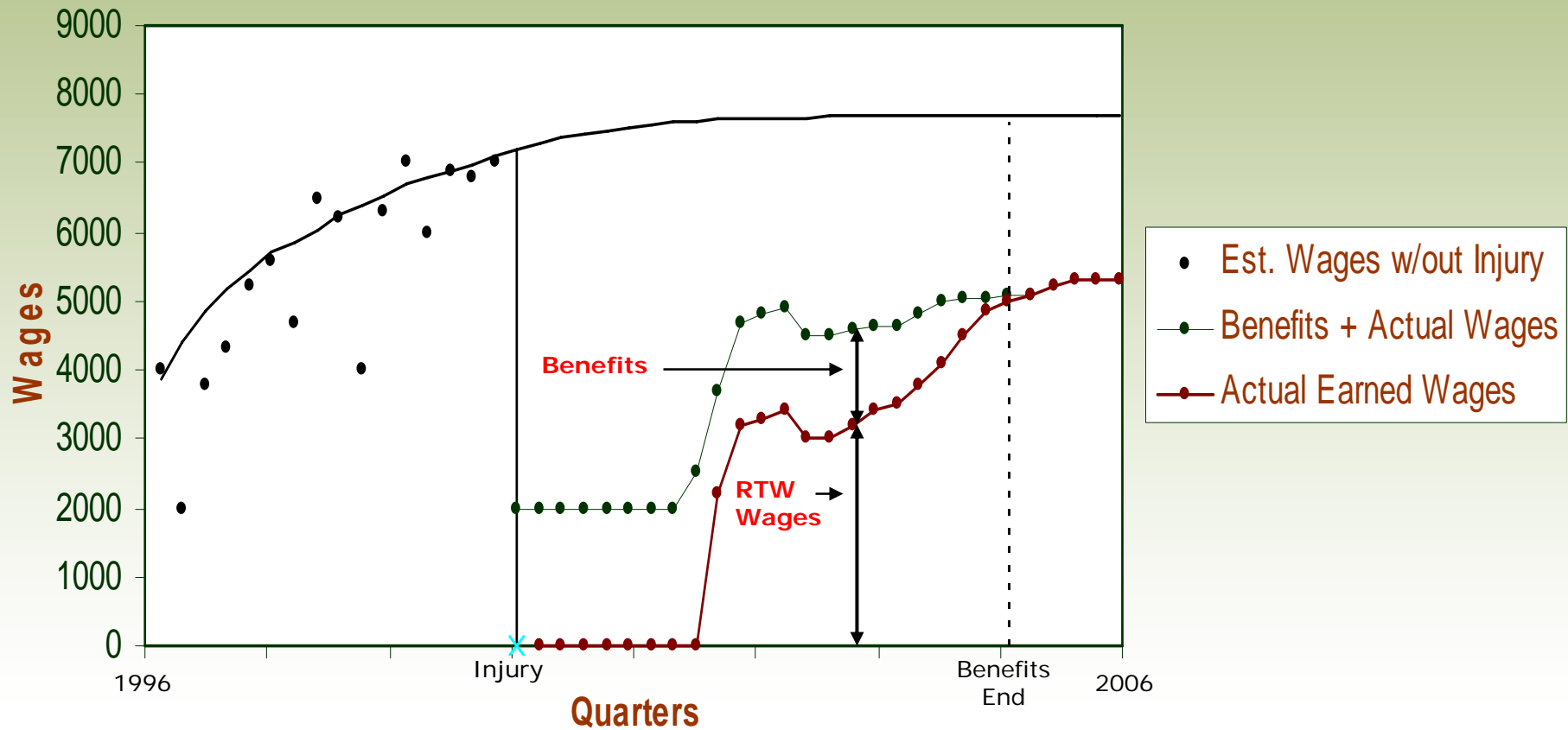
	Pre-injury Wage	1 <sup>st</sup> Quarter of RTW	2 <sup>nd</sup> Quarter of RTW	1 <sup>st</sup> Year of RTW	10 <sup>th</sup> Quarter Of RTW
Wage	\$339.28	\$261.23	\$283.93	\$261.13	\$208.71
Change from pre-injury		-\$40.07	-\$18.91	-\$32.26	-\$87.75
Percent Change		-13.36%	-5.71%	-11.12%	-31.02%

## Higher Wage Earners (19% of total population) Median Dollar Amounts

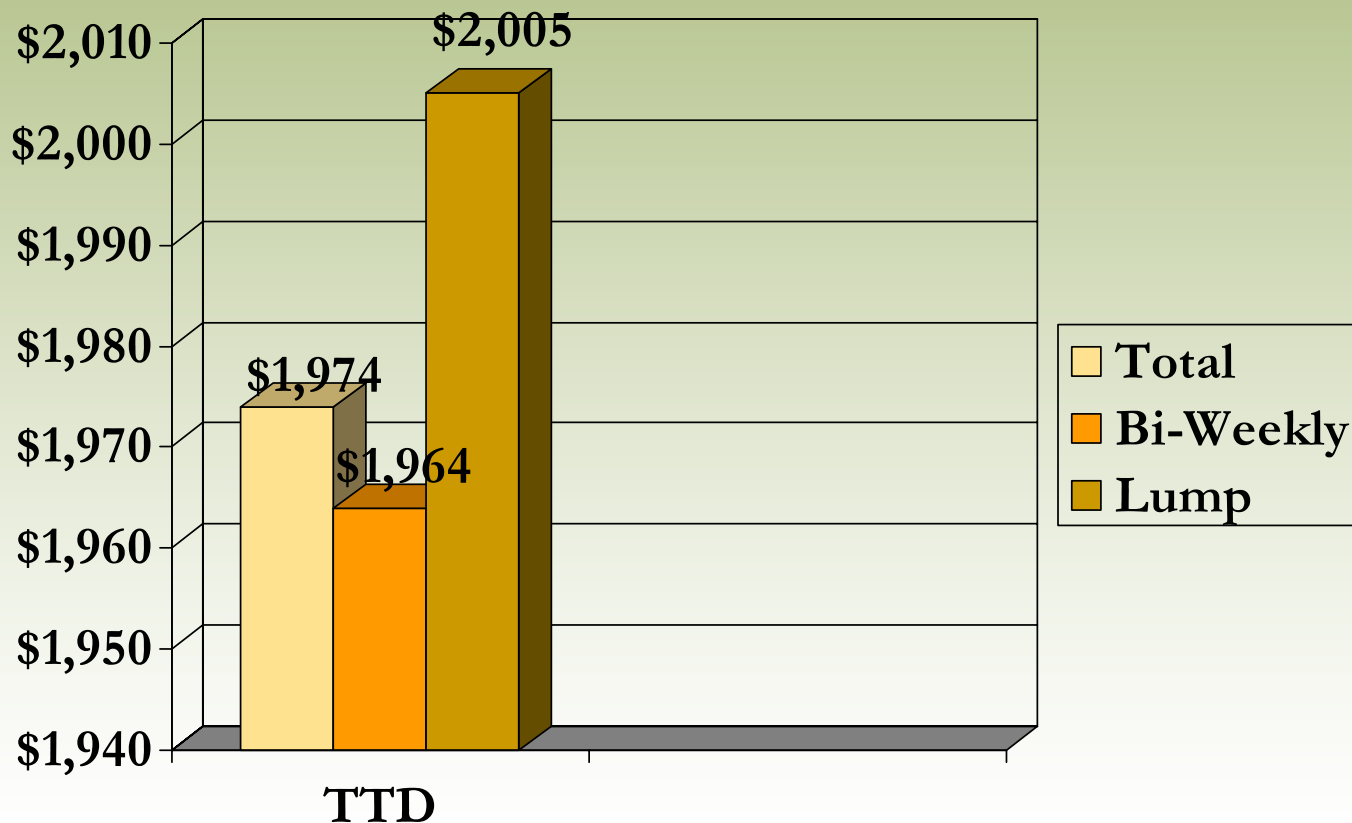
	Pre-injury Wage	1 <sup>st</sup> Quarter of RTW	2 <sup>nd</sup> Quarter of RTW	1 <sup>st</sup> Year of RW	10 <sup>th</sup> Quarter of RTW
Wage	\$810.10	\$676.29	\$699.44	\$700.40	\$600.68
Change from pre-injury		-\$149.02	-\$94.66	-\$94.67	-\$264.13
Percent Change		-17.96%	-11.23%	-9.89%	-28.86%

# Example (cont.)

## Injured Worker Wage History



# Median dollar amounts of TTD benefits

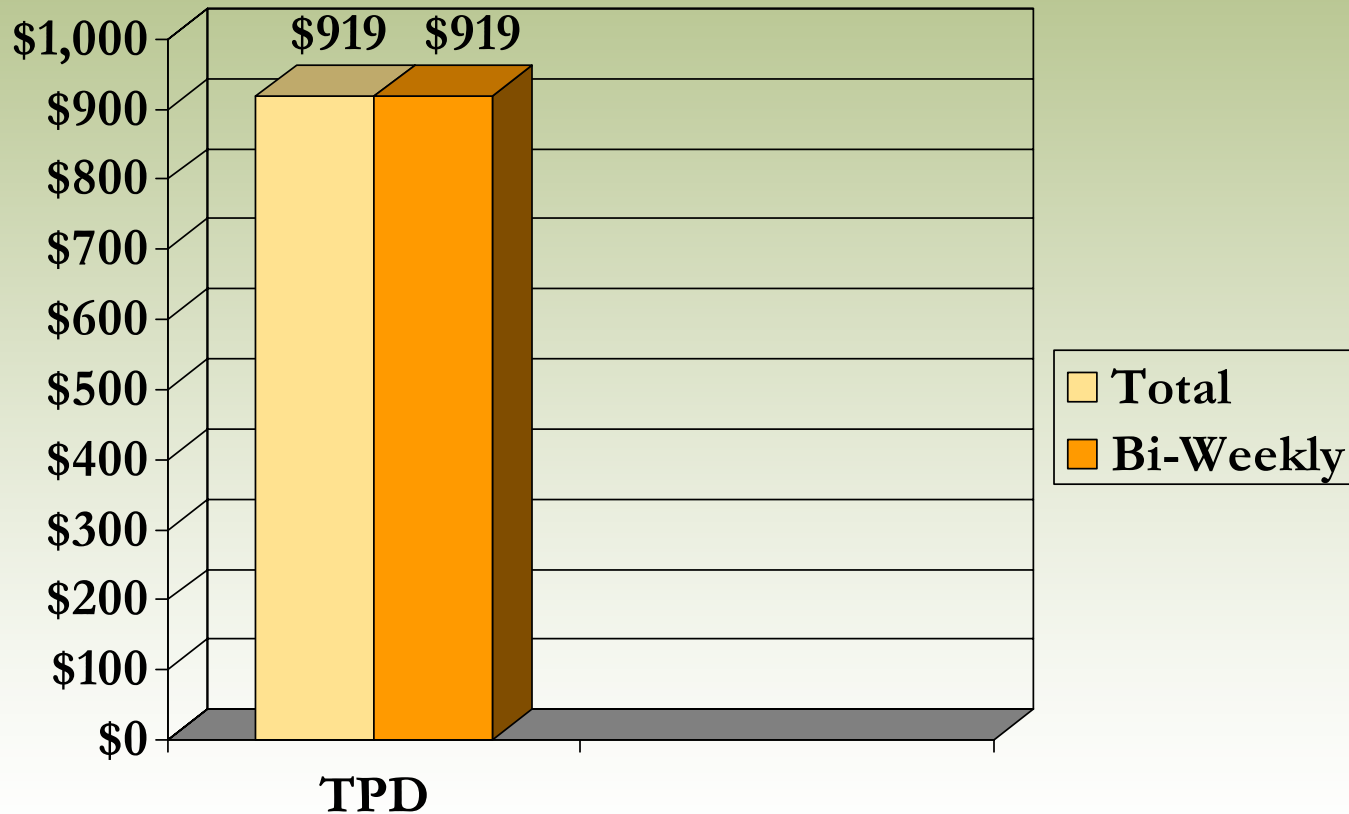


*Temporary  
Total Disability  
(TTD Benefits):*

A physical condition resulting from an injury, that results in total loss of wages.

*Received by 86.7% of injured workers*

# Median dollar amounts of TPD benefits

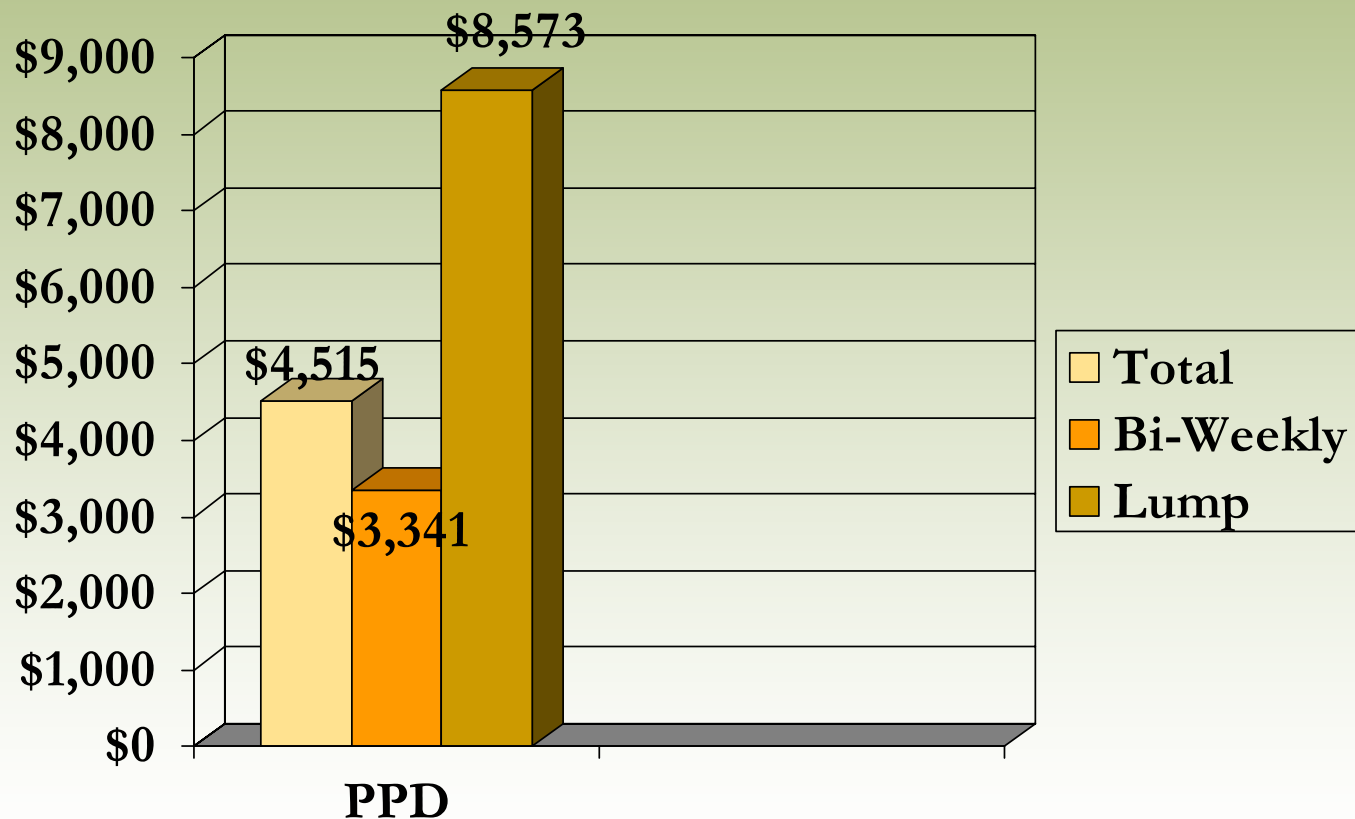


*Received by 15.5% of injured workers*

*Temporary Partial Disability (TPD Benefits):*

A physical condition resulting from an injury in which a worker, prior to maximum healing; is temporarily unable to return to the position held at the time of injury because of a medically determined physical restriction; but returns to work in a modified or alternative employment; and suffers a partial wage loss.

# Median dollar amounts of PPD benefits

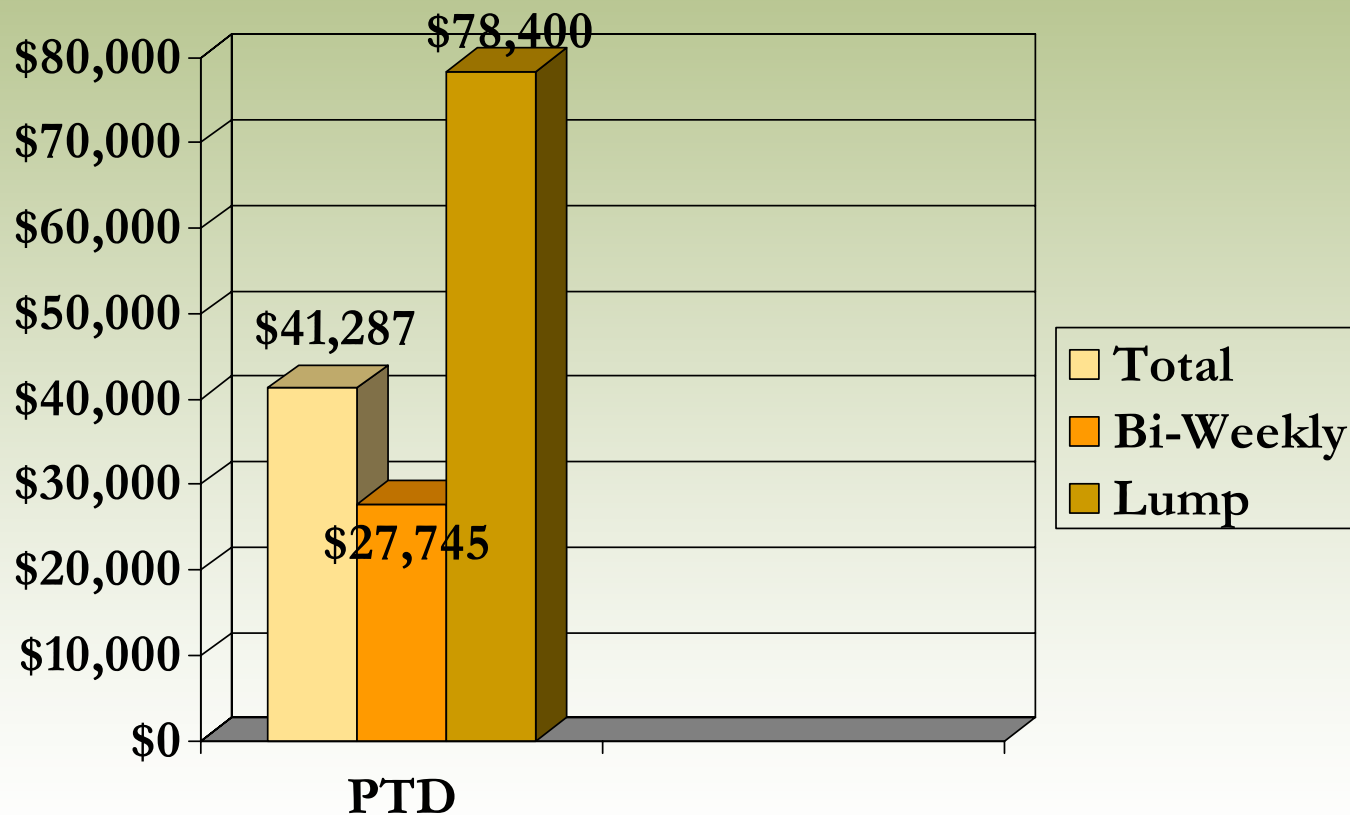


*Received by 36.5% of injured workers*

*Permanent Partial Disability (PPD Benefits):*

A physical condition in which a worker, after reaching maximum medical healing; has a permanent impairment established by objective medical findings; is able to return to work in some capacity but the permanent impairment impairs the worker's ability to work; and has an actual wage loss as a result of the injury.

# Median dollar amounts of PTD benefits

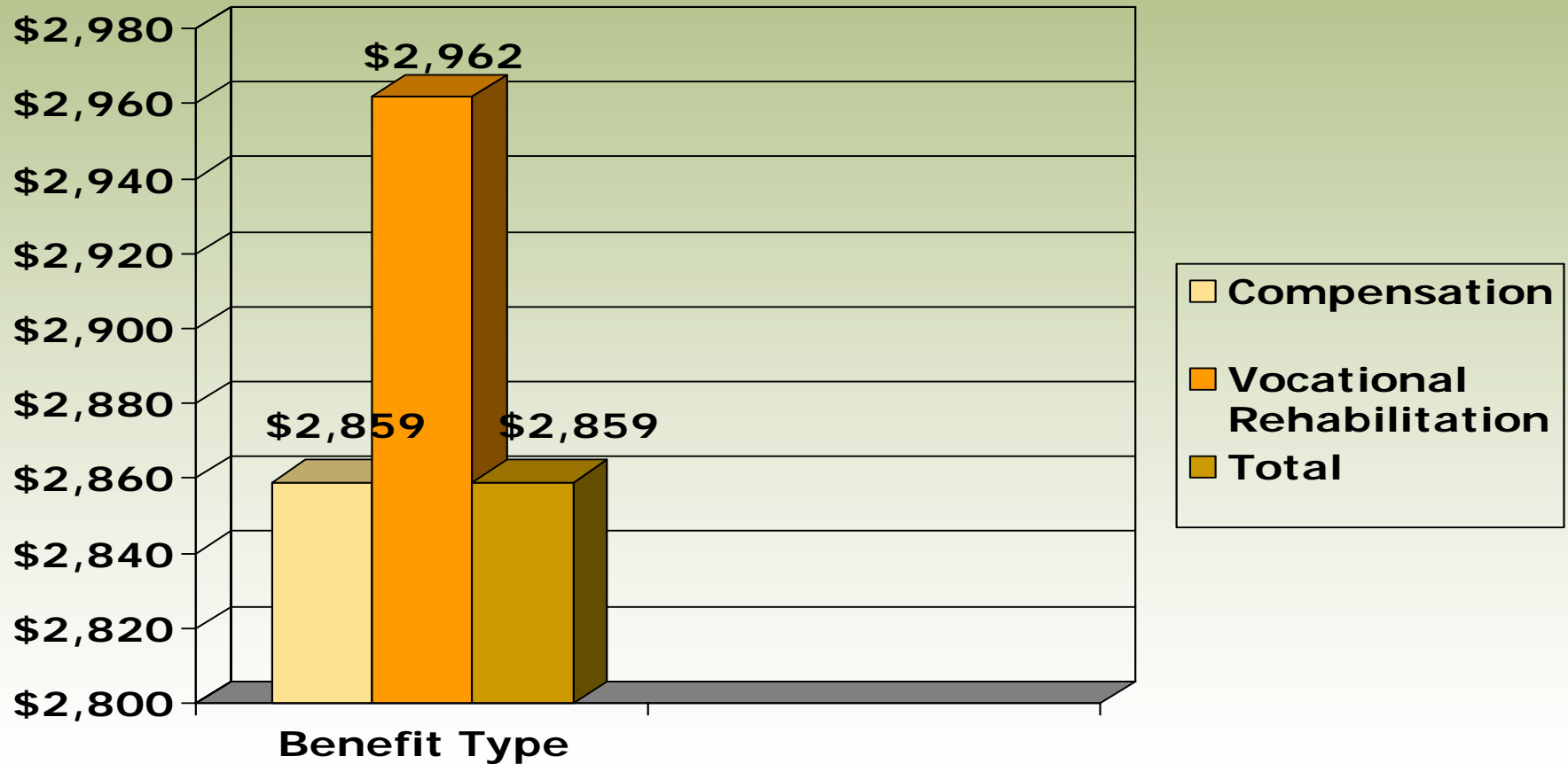


*Received by 1.1% of injured workers*

*Permanent Total Disability (PTD Benefits):*

A physical condition resulting from injury after a worker reaches maximum medical healing, in which a worker does not have a reasonable prospect of physically performing regular employment.

# Median dollar amounts of Indemnity benefits



*Sample Sizes: Compensation = 4219, Voc. Rehab=235, Total=4222*

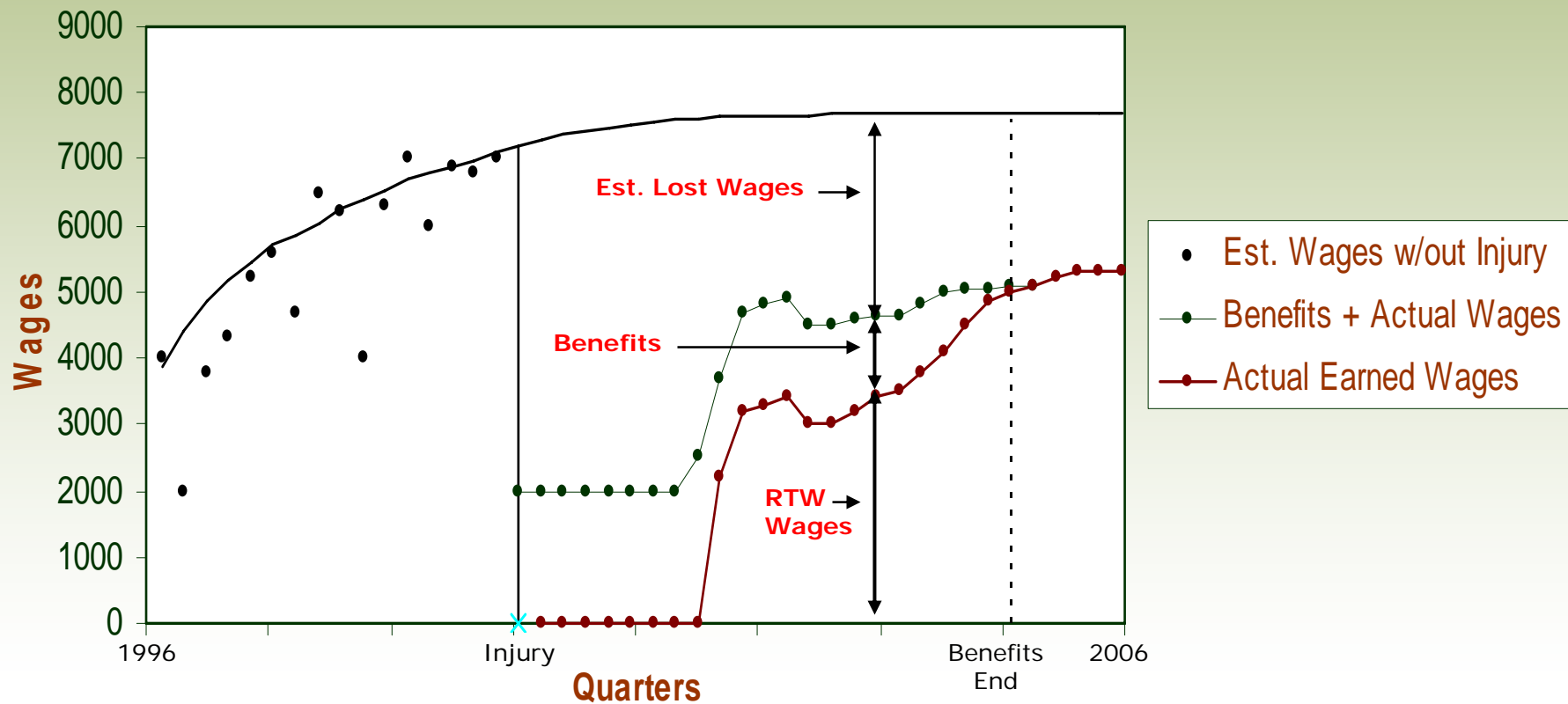


# Summary Tables

Summary tables  
are included  
in your handouts

# Example (cont.)

## Injured Worker Wage History



# Summary of wage loss information

❖ Median wage loss without WC benefits \*

**\$63,223**

❖ Median wage loss with WC benefits \*

**\$54,699**

\*After tax adjustment using information from the Bureau of Economic Analysis (BEA)

# Summary of wage loss information

- ❖ Median replacement rate of the estimated wages by actual earnings and WC benefits

59.5%

This implies that an injured worker will lose 40.5% of the wages (after WC benefits have been included) they would have earned if they hadn't been injured

# Breakdown of wage loss by earning type

- ❖ Higher wage earners have a net loss of \$112,446. The replacement percentage is 58.7%.
- ❖ Lower wage earners have a net loss of \$46,925. The replacement percentage is 59.9%.

# Breakdown of wage loss relative to date of Maximum Medical Improvement (MMI)

The maximum medical improvement date is the date a physician has determined that the worker has reached maximum healing. The physician has determined that the worker will not further recover from his or her injury.



Permanent Total Disability benefits are not included in this analysis to isolate injured workers able to return to work

# Median Replacement Amounts

## ❖ All Wage Earners (Subpopulation size 1316)

Replacement rate while healing is 51.1%

Replacement rate after healing is 45.9%

## ❖ Lower Wage Earners (81% of subpopulation)

Replacement rate while healing is 48.5%

Replacement rate after healing is 44.4%

## ❖ Higher Wage Earners (19% of subpopulation)

Replacement rate while healing is 56%

Replacement rate after healing is 54.1%

# Return to Work Times

- ❖ All Wage Earners (Subpopulation size 2487)

The median time from injury until returning to work is 11.4 weeks (80 days)

- ❖ Lower Wage Earners (82% of subpopulation)

The median time from injury until returning to work is 10.6 weeks (74 days)

- ❖ Higher Wage Earners (18% of subpopulation)

The median time from injury until returning to work is 14.1 weeks (98.5 days)



# Summary

Overall, an injured worker loses 40.5% of their wages with a more significant part of the wages lost after maximum healing

Overall, an injured worker will return to work after 11.4 weeks

Preliminary results indicate pre-injury wages are not a significant factor in the percentage of lost wages, but are a potential factor in the return to work duration

# Future topics for this study

- **Employer**
- **Injuries**
- **Industry**
- **Geographic location**
- **Impact of demographic variables**
- **Continuing to improve estimate methodology**

# QUESTIONS

This presentation along with other workers' compensation study information is located on our project website:

<http://erd.dli.mt.gov/wcstudyproject/wcstudyproject.asp>

Contact Information:

**Erin Austin**

**(406) 444-0982**

[EAustin@mt.gov](mailto:EAustin@mt.gov)

